

HOUSING STRATEGIC PLAN



The Housing Strategic Plan identifies key housing outcomes and accomplishments, and implementation strategies proposed for 2004. It also includes the City's capital plan, which shows estimated resources for housing activities in 2004.

Housing Outcomes

The Seattle Office of Housing (OH) has identified strategies designed to help build stronger, economically integrated neighborhoods and to accomplish the following five housing-related outcomes:

1. Low-income households are able to reside in City-funded affordable housing;
 2. Homeless and special-needs individuals and families secure service-enriched transitional or permanent housing;
 3. A greater number of families and individuals are able to purchase a home in Seattle;
 4. Low-income homeowners are able to make needed home repairs that enable them to stay in their homes; and
 5. Low-income renters and homeowners save on energy costs as a result of City-funded weatherization improvements.
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Key Partners

Expanding existing and forming new partnerships continues to be critical in order to address the priorities outlined above. Seattle residents are a key partner in helping to meet affordable housing needs. Since 1980, Seattle voters have approved four temporary property tax increases to fund affordable housing for people with incomes at or below 80% median income and for homeless people. Seattle's most recent housing measure, an \$86 million levy, passed in November 2002.

OH also is continually working to expand and strengthen its partnerships with a variety of public and private for-profit and non-profit agencies and organizations. OH works with other City departments, builders, community groups, and lenders to increase the supply of affordable housing through creative strategies that strengthen neighborhoods and help people at all income levels.

OH works closely with the *Housing Development Consortium (HDC)*, a trade association of non-profit housing developers in the Seattle-King County area. It is dedicated to preserving, developing, and building affordable housing that benefits extremely low-income to moderate-income population groups, including homeless individuals and families, low-income seniors, and the working poor. HDC enables nonprofit developers to work collaboratively on ways to increase non-profit housing by forming comprehensive strategies that preserve affordable housing and create more affordable rental and homeownership opportunities through innovative land use and financing. HDC members have developed over 454 projects totaling 13,600 housing units over the years. HDC and its members have been recognized around the country as models for affordable housing development.

Other partners that are essential to creating affordable rental housing and homeownership opportunities include:

- ▶ Fannie Mae
- ▶ Federal Home Loan Bank
- ▶ Sound Families Initiative—Gates Foundation
- ▶ Individual private financial institutions
- ▶ Master Builders' Association of King and Snohomish Counties (Seattle is one of 14 pilot cities in HUD's Building Homes in America's Cities Partnership)
- ▶ Other governmental agencies: State Community, Trade and Economic Development (CTED), State Housing Finance Commission, King County
- ▶ Impact Capital
- ▶ Community Home Ownership Center
- ▶ Coalition for Responsible Lending
- ▶ Seattle Housing Authority
- ▶ Other affordable housing developers

Change Dynamics

OH has identified several trends in the Seattle housing market that have a disproportionate impact on low- and moderate-income households. These "change dynamics" are summarized as follows:

- ▶ *Housing costs are increasing at a significantly faster rate than incomes.* According to 2000 Census data, inflation-adjusted ownership costs increased 31.9% in the past decade, compared to a 9.7% increase in median household income. Seattle's increase in owner

housing costs was the highest among the five major cities in the Puget Sound region, and costs are continuing to climb despite the slumping economy.

- ▶ *A jobs/housing imbalance has led to increasing housing prices.* The region's strong economy spurred the creation of 74,400 jobs in Seattle from 1995 through 2001. Housing did not keep pace with job growth, with only 18,525 housing units built from 1995 through April 2003. A shortage of suitable in-city sites for new development and upward pressure on the market have compounded the problem. Recently, higher vacancy rates have helped ease the affordability crisis, yet significant numbers of Seattle residents continue to face difficulty affording housing prices.
- ▶ *Rising housing prices and gentrification in inner city neighborhoods have particularly hurt those with low incomes.* Many people who used to be able to find housing they could afford can no longer do so without assistance. They are often forced out of the city when prices in their neighborhoods increase beyond what they can afford. People who earn the minimum wage or below are hard-pressed to find any unsubsidized housing in Seattle that they can afford.
- ▶ *Increasing need for project operating support from local fund sources to support housing affordable for people with incomes at or below 30% of median income.* Sponsors of housing frequently describe the need for additional fund sources that support operating expenses and services to tenants for housing units created for people with incomes at or below 30% of median income. Federal McKinney program funding has been used in the past to subsidize new units; now it is essentially only available for renewals and not for new projects. Meeting the housing needs of people with incomes at or below 30% of median income requires adequate financial resources for operating support.
- ▶ *Increasing housing prices have also hurt people who increasingly need assistance in order to purchase a home in the City of Seattle.* The City's role in housing has traditionally been focused on those most in need. However, rapid increases in housing prices have expanded the City's housing constituency to families with incomes at or below 80% median income, who continue to find themselves priced out of many housing options.
- ▶ *Traditional resources are shrinking at the same time rising housing prices are creating increased demand for affordable housing.* Both capital and operating funds have become more difficult to obtain, putting pressure on the City to provide greater amounts of assistance for the production and preservation of affordable housing.
- ▶ *Non-profit development capability and expertise is under-utilized as housing production costs increase and resources do not keep up at the same pace.* Non-profit capacity has expanded significantly over the last ten years, providing an invaluable production resource. Lack of financing, increasing land prices and limited availability, increasing construction costs, and subsidy resources continuing at the same amounts year after year leads to under-utilization of non-profit developers who would have capacity to produce more housing if adequate resources were available.

Outcomes, Accomplishments, and Strategies

Table 2.1 below summarizes proposed housing outcomes, accomplishments, and strategies for 2004. The strategies to help the City achieve desired housing outcomes are outlined in more detail following the table.

Table 2.1		
Outcomes	Accomplishments	Strategies
1. Low-income households are able to reside in City-funded affordable housing	<p>6,495 City-funded units completed, in good condition, and available for occupancy by low-income households</p> <p>385 affordable units for low-income populations funded by the City in 2004</p>	<ul style="list-style-type: none"> • Inspections • Annual project performance review • Project workouts • Coordination with lending partners • Market energy and water conservation programs • Seattle Housing Levy • Spring/Fall NOFA • Surplus property disposition • Bridge Loan Program • Multi-family Tax Exemption Program • Preservation Fund • TDR Program • Housing Bonus Program • Multi-family Rehabilitation Program • HOPE VI • 2060 Fund
2. Homeless and special needs individuals and families secure service-enriched transitional or permanent housing	141 affordable units linked with supportive services are funded by the City in 2004 (subset of the 385 units shown above)	<ul style="list-style-type: none"> • Corporation for Supportive Housing grant • Sound Families Initiative • Levy Operating & Maintenance Program • Section 8 vouchers—Operating and Maintenance link • McKinney Funds

Table 2.1 (continued)		
Outcomes	Accomplishments	Strategies
3. A greater number of families and individuals are able to purchase a home in Seattle	220 homebuyers assisted in purchasing homes in 2004; of this total, funding for downpayment assistance provided to 45 low-income, first-time homebuyers	<ul style="list-style-type: none"> • Seattle Housing Levy and HOME Program funding • Homebuyer NOFA • HomeSight revolving loan fund and education/counseling • Multi-family Tax Exemption Program • Work with State, WSHFC, Fannie Mae, Federal Home Loan Bank to develop new programs • Location Efficient Mortgage Program • HomeTown Home Loan • Employer-Assisted Housing
4. Low-income homeowners are able to make needed home repairs that enable them to stay in their homes	80 homeowners assisted with HomeWise rehabilitation loans in 2004	<ul style="list-style-type: none"> • HomeWise Program • Minor Home Repair Program • Predatory Lending Initiative
5. Low-income renters and homeowners save on energy costs as a result of City-funded weatherization improvements	1,200 renter- and owner-occupied units weatherized in 2004	<ul style="list-style-type: none"> • Weatherization and energy conservation • Assistance to make OH rental portfolio projects more sustainable • SeaGreen Program

Outcome #1: Low-income households are able to reside in City-funded affordable housing

Proposed accomplishments: 6,495 City-funded units completed, in good condition, and available for occupancy by low-income households; 385 affordable units for low-income populations funded by the City in 2004.

Strategies:

- ▶ *Annual project performance review.* OH monitors its affordable housing portfolio by requiring project owners to report annually. Projects are monitored to assure compliance with terms of the contract such as affordability (tenant income and rents). Projects are also reviewed for performance related to property management outcomes such as level of reserves, occupancy rates, etc. Annual report reviews are used as an opportunity to identify projects with compliance and/or performance issues and initiate corrective actions. Projects needing more serious intervention may require workout intervention.

- ▶ *Inspections.* Inspections are made every 1-5 years depending on the contract and building conditions to assure the property is in compliance, meeting housing quality standards, and operating in a way that is consistent with desired program outcomes. OH also uses these site visits as an opportunity to talk to the owner about repair and replacement issues and to market water and lighting conservation programs that may assist in lowering operating costs.
- ▶ *Project workouts.* Projects identified through inspections and/or annual report review as failing to meet either their contractual agreements, failing to meet their intended housing mission or struggling financially require special attention. Owners of these projects may propose solutions that become project workouts. Project workout plans vary from project to project but can entail refinancing, transfer of ownership, loan assumptions, contract amendments or restructuring housing/service model. OH may have 5-10 projects a year that require some type of intervention in order to preserve the affordable housing.
- ▶ *Coordination with lending partners.* OH has formed cooperative agreements with other lending agencies such as the State Housing Finance Commission, State CTED, King County and HUD in order to streamline monitoring including inspections, site visits and annual reviews. Activities that are common to all agencies are shared and coordinated through various formal and informal agreements. Lending partners with an investment in any particular project also become partners in project workouts so that the solutions are achieved in a cooperative way that meets all obligations and desired outcomes.
- ▶ *Market energy and water conservation programs.* Included in all monitoring and inspection activities is a general assessment of project needs. OH endeavors to identify those needs and connect project owners with available program resources. OH markets programs provided through other agencies such as Seattle City Light and Seattle Public Utilities to direct resources to OH funded projects. These conservation programs provide a financial benefit by reducing utility costs in our current housing portfolio.
- ▶ *Seattle Housing Levy.* Seattle's Housing Levy is a voter-approved property tax levy that provides a total of \$86 million to housing production and preservation over seven years. Over 1,700 units will be funded through the Levy between 2003 and 2009. The Seattle Housing Levy and other City housing funds leverage \$3 to \$4 of non-City funds for every \$1 contributed by the City. Levy and other City housing funds are generally made available two times each year through competitive Notice of Funding Availability (NOFA) process. Two Levy programs in particular contribute to production of affordable rental housing:
 - Rental Preservation and Production: Of approximately \$8 million per year to provide affordable housing, at least 59% of the program funding is reserved for units serving people with incomes at or below 30% of median. The balance of program funds may be used for housing affordable to households with incomes up to 50% or 60% of median.
 - Neighborhood Housing Opportunity Program (NHOP): The NHOP program provides funding for mixed-income, mixed-use projects that include rental housing and that meet key community development objectives in specified Seattle neighborhoods. At least 25% of program funding is for units serving people with incomes at or below 30% of median. The balance of funds may be used for housing affordable at up to the 80% of median income level.
- ▶ *Spring/Fall NOFA.* OH administers two NOFA rounds for rental housing, one in the Spring and one in the Fall. In addition to the Housing Levy, other City funds include federal CDBG

and HOME funds. The City will also fund some projects with County-administered document recording fees.

- ▶ *City Surplus Property.* Surplus property that OH is responsible for disposing of is made available for affordable housing development. OH works with Seattle City Light to help them dispose of surplus sites suitable for affordable housing.
- ▶ *Bridge Loan Program.* Short-term bridge loans from Levy or other available funds help facilitate the production of affordable housing by enabling property acquisition, construction, or rehabilitation to proceed when the sponsor can provide assurance that permanent funding will be secured within a relatively short period of time. Bridge loans are available to assist development of rental and owner housing, and are limited to projects that have received funding through OH's NOFA process, with the exception of the following circumstances:
 - to facilitate the transfer of ownership of Section 8 preservation projects, and
 - to assist in the acquisition of buildings in certain neighborhood areas when needed to implement Neighborhood Plan-identified strategies advocated for by a neighborhood community organization.
- ▶ *Multi-family Tax Exemption (MFTE) Program.* The MFTE Program allows for a partial property tax exemption for up to 10 years for rental and homeownership projects of four or more units in designated target areas. The program, which is authorized and regulated by State law (RCW 84.14), is a growth management tool for local governments to help spur residential development in urban neighborhoods. Due to a 4-year sunset clause in the 1998 legislation that created Seattle's program, the program expired at the end of 2002. OH is preparing legislation that would reinstate the program, with recommended modifications. There continues to be a requirement that, in return for the tax exemption, a certain percentage of units must be rented or sold to low income households.
- ▶ *Preservation Fund.* Seattle has over 2,630 federally subsidized rental units as well as other units with affordability restrictions (i.e. tax credit units) that are at some risk of conversion to market-rate use. In 1999, OH adopted a set of preservation strategies, including creation of a special fund to be used by nonprofit developers for acquisition and rehabilitation of low-income buildings. To date, the fund has been used to preserve three buildings with thirty-three units, and has been used as credit enhancement to guarantee a private loan on another subsidized building. The City also uses bridge loans to assist non-profits in acquiring preservation buildings. The City actively tracks buildings ending their use restrictions and works with non-profits, tenant groups and building owners to preserve these properties. Since 1999, the City has helped preserve four projects with 124 units using the Preservation Fund, HOME, CDBG, Levy and other resources.
- ▶ *Transferable Development Rights (TDR) Program.* The TDR Program helps Seattle achieve a more variable scale of buildings in Downtown by simply allowing density to be moved from one site to another. Lots where affordable housing is preserved are eligible "sending lots." Purchasers (commercial developers) and sellers (sending lot owners) can negotiate sales directly or the City can purchase TDR and hold it in its "TDR Bank" for later resale. All transitions, whether private or through the City, require execution and recording of a TDR Agreement between the sending lot owner and the City. This document includes covenants that require that the housing remain affordable primarily to households with incomes up to 50% of median, for 50 years. TDR is validly transferred by a Statutory Warranty Deed and is recognized by the courts as real property.

- ▶ *Housing Bonus Program.* Participation in Seattle's Housing Bonus Program is one way that Downtown commercial developers can achieve greater density in their buildings. They may either produce new affordable housing or make a contribution to a City housing bonus fund, the proceeds of which are used to fund new affordable housing in Downtown, which in turn mitigates housing-related impacts. Affordable housing produced or funded through the Housing Bonus Program means that lower-wage office and hotel workers in Downtown Seattle will have a better chance of living near where they work.
- ▶ *Multi-family Rehabilitation Loan Fund.* Many building owners have managed to keep their rents affordable without any type of subsidy. But these owners, and their tenants, often face crisis when their buildings require major, expensive repairs. This problem was exacerbated by the Nisqually earthquake of February 28, 2001, when many older buildings sustained some degree of damage. To respond to that problem, OH worked with WSHFC and building owners to create a Multi-family Rehabilitation Loan Fund. This program provides tax-exempt financing for private owners of rental properties to address earthquake damage, deferred maintenance and housing code violations and to make energy improvements. This program is one of the revitalization tools available in the International District and Pioneer Square neighborhoods.
- ▶ *King County 2060 Document Recording Fees.* This new source of funding, generated by an additional fee for document recording, will be administered by King County with a targeted set-aside for Seattle projects. Capital funds will be prioritized for units serving households below 50% of median income, families, homeless, and special needs households. OH's NOFA process will be used to recommend projects for funding.

Outcome #2: Homeless and special-needs individuals and families secure service-enriched transitional or permanent housing

Proposed accomplishments: 141 affordable units linked with supportive services funded by the City in 2004 (subset of 385 units shown above).

Strategies:

- ▶ *Corporation for Supportive Housing Grant.* OH is the lead recipient for a two-year grant from the Corporation for Supportive Housing, funded by the Robert Wood Johnson Foundation, for a partnership among Seattle/King County and Spokane County and the State to better integrate housing and support service funds for homeless. The goal is to expand the supply of housing for chronically homeless people facing mental or physical disabilities, substance abuse, or multiple barriers to stability.
- ▶ *Sound Families Initiative.* In July 2000, the Bill & Melinda Gates Foundation committed \$40 million to establish Sound Families to support homeless families in the Puget Sound region. Sound Families provides funds for the creation of new transitional housing for homeless families and for housing-based support services to assist families in achieving self-sufficiency. As a result of this initiative, 1,500 transitional housing units for families will be created in western Washington. Sound Families is a public-private partnership between the foundation and its seven government partners: the cities of Seattle, Everett and Tacoma, and King, Snohomish and Pierce counties, and the State of Washington. The City of Seattle's Office of Housing provides the principal administrative support for this regional program.

- ▶ *Levy Operating and Maintenance Program.* The Levy O&M Program provides operating support or contingent commitments of operating support necessary to secure adequate financing, for housing affordable to households with incomes at or below 30% of median income. Funds are used to fill the gap between eligible operating and enhanced property management costs and project income.
- ▶ *Section 8 Vouchers/Levy Operating and Maintenance Link.* OH utilizes Section 8 vouchers to extend its portfolio of units serving extremely low-income households needing services to live independently. Seattle Housing Authority has made 500 Section 8 vouchers available to projects receiving housing levy funds. The Section 8 subsidy is targeted to projects serving extremely low-income individuals/households with special needs to operate with sufficient income to meet housing/service expenses.
- ▶ *McKinney Funds.* To the extent feasible, OH is leveraging McKinney funds to support the development of new supportive housing projects. The City's Continuum of Care plan has identified one new development each year as a high priority. The bulk of the McKinney funds are used to renew existing contracts.

Outcome #3: A greater number of families and individuals are able to purchase a home in Seattle

Proposed accomplishments: 220 homebuyers assisted in purchasing homes in 2004; of this total, downpayment assistance funding provided for 45 low-income, first-time homebuyers.

Strategies:

- ▶ *Seattle Housing Levy and HOME Program funding.* Seattle's Housing Levy provides significant additional funding to encourage first-time homebuyers to buy homes in Seattle. In addition, 25% of federal HOME Program funds administered by the City are earmarked for homebuyer assistance. Activities to expand the City's homebuyer program are continuing.
- ▶ *Homebuyer NOFA.* Housing Levy and HOME Program funding is made available through a NOFA process.
- ▶ *HomeSight.* Implement the amended Master Loan Agreement that supports HomeSight's homebuyer program more efficiently. City support for HomeSight's homebuyer education and counseling program is continuing.
- ▶ *Multi-family Property Tax Exemption (MFTE) Program.* If City Council readopts the MFTE Program, it will be marketed to developers planning for sale housing projects to encourage inclusion of units affordable to households with income at or below 80% of median.
- ▶ *Working with State CTED, WSHFC, Fannie Mae, and Federal Home Loan Bank (FHLB) to develop new programs.* Discussions with potential funding partners are continuing in efforts to expand resources available to Seattle homebuyers.
- ▶ *Location Efficient Mortgage (LEM).* This private lending program assists homeowners who choose an in-city home convenient to work and transit, on the theory that less dependency on a car frees up money to pay for housing costs. Under the LEM Program, homebuyers may be able to qualify for a more expensive home than they might otherwise be able to afford.

- ▶ *HomeTown Home Loan Program.* This program provides benefits to employees of affinity partners (15 currently, including City of Seattle, University of Washington, Seattle Public Schools); benefits include homebuyer education and assistance, and reduced loan fees and closing costs to homebuyers who wish to purchase a home in Seattle.
- ▶ *Employer-Assisted Housing.* OH continues to look for opportunities to work with major employers to provide assistance to lower-wage employees to permit and encourage them to live near their jobs, particularly in key revitalization areas.

Outcome #4: Low-income homeowners are able to make needed home repairs that enable them to stay in their homes

Proposed accomplishments: 80 homeowners assisted with HomeWise rehabilitation loans in 2004.

Strategies:

- ▶ *HomeWise Program.* The HomeWise Program offers Seattle low-income homeowners low-interest home improvement loans to preserve and maintain their homes. The program also provides grants to complete weatherization, indoor air quality, and energy conservation measures. OH is identifying ways to use HomeWise resources to support housing efforts in key revitalization target areas.
- ▶ *Minor Home Repair Program.* The City contracts with Senior Services to administer this program. Low-income elderly/disabled Seattle homeowners may receive up to \$4,000 in minor home repair services over a three-year period. These services may include electrical, plumbing and carpentry repairs.
- ▶ *Predatory Lending Initiative.* Seattle continues to work with the Office of Civil Rights as an active participant in Coalition for Responsible Lending activities.

Outcome #5: Low-income renters and homeowners save on energy costs as a result of City-funded weatherization improvements

Proposed accomplishments: 1,200 renter- and owner-occupied units weatherized in 2004.

Strategies:

- ▶ *Weatherization and energy conservation.* OH's HomeWise Program provides City, State, and Federal grant funds to complete energy conservation, indoor air quality improvements, and weatherization measures in affordable rental housing.
- ▶ *Assistance in making existing OH rental portfolio projects more sustainable through the HomeWise Program by providing weatherization grants.*
- ▶ *SeaGreen Program.* OH's SeaGreen Affordable Housing Guide is designed to promote energy conservation, operational savings and sustainable building practices in multi-family housing projects. Specifically these strategies work to reduce operating costs, promote healthy indoor environments, increase durability of building components and simplify maintenance requirements that can lead to a better bottom line for property managers and

owners. The SeaGreen Program is implemented in a way that connects owners with other professionals, City departments and other program resources.

Other Housing Strategies

WMBE Outreach

OH identifies opportunities for women and minority business enterprise (WMBE) participation in all program construction and contracted service activities. An aspiring goal of 14% combined WMBE participation has been established for Rental Preservation and Production Program funded projects. Progress is monitored and results included in program status reports.

Actions to Affirmatively Further Fair Housing

This section provides a summary of the City of Seattle's draft Analysis of Impediments to Fair Housing Choice (AI) dated September 2003. Copies of the final report will be available through the Office of Housing. Seattle's AI was conducted and prepared by the Fair Housing Center of South Puget Sound (FHCSPS), on behalf of and in cooperation with the City of Seattle.

The AI considers a number of factors in order to assess fair housing choice in Seattle, including:

- ▶ An analysis of demographic, income, housing, and employment data;
- ▶ An evaluation of fair housing complaints filed with enforcement agencies;
- ▶ A review of sale and rental market practices, including brokerage and financing markets;
- ▶ A review of public policies and administrative policies for housing and community development activities that affect housing choice for the protected classes; and
- ▶ An assessment of current fair housing resources in Seattle.

Assessment of City of Seattle Fair Housing Activities

The City of Seattle's commitment to fair housing has been actualized through its fair housing enforcement program, extensive education and outreach efforts and public policies that encourage the development of affordable housing. The following is a list of current fair housing efforts undertaken by the City of Seattle, as identified in the AI:

- ▶ In addition to the protected classes covered by the federal Fair Housing Act, Seattle's Open Housing and Public Accommodation ordinance (Open Housing ordinance) provides greater protections than any similar ordinance in the State by including sexual orientation, marital status, age, Section 8 housing subsidy status, ancestry and political ideology as protected classes.
- ▶ The Seattle Office for Civil Rights (OCR) has been certified as a substantially equivalent fair housing enforcement program under HUD's Fair Housing Assistance Program (FHAP). As a designated FHAP agency, OCR investigates complaints filed with OCR and HUD jurisdictional under the Fair Housing Act. Additionally, OCR also investigates complaints from protected classes specifically covered under Seattle's Open Housing ordinance.
- ▶ Since 1999, the City of Seattle has demonstrated a unique and nearly unparalleled commitment to funding rental housing testing throughout the City. Testing was conducted by the FHCSPS to measure the incidence of discriminatory housing practices impacting the protected classes, including families with children, African-American, Cambodian, Middle-Eastern and Hispanic households.

- ▶ OCR's investigation and enforcement program made possible \$178,602 in monetary relief for victims of discrimination in the past five years via its investigation of complaints. These complaints were primarily based upon race, disability, national origin and familial status.
- ▶ OCR has maintained a commitment to ensuring that new immigrants have translated documents and training to assist them with understanding fair housing laws and complaint filing. Documents have been translated into Spanish, Chinese, Vietnamese, Cambodian, Amharic, Tigrinya, Oromiffa, Somali, Russian and Korean.
- ▶ OCR has been a leader in its partnerships with fair housing groups and organizations that serve clients represented by protected classes.
- ▶ Seattle has taken the lead in addressing predatory lending by joining together with other organizations.
- ▶ Citizen support of the Housing Levy enables the City of Seattle's Office of Housing to provide increased affordable housing to low-income individuals where a high percentage of new immigrants, persons of color and disabilities and families with children reside.

Demographic Trends with Fair Housing Implications

The 2003 AI identifies demographic trends within Seattle that may have implications for fair housing choice. Significant trends with fair housing implications include:

- ▶ 39.5% of Seattle renter households pay more than 30% of their income for rent and utilities and meet HUD's definition for worst case housing needs. Demographic data indicate an overlap between worst case housing needs and the protected classes, including minorities, immigrants, persons with disabilities and families with children.
- ▶ Single mothers with children under five years of age living in Seattle have a poverty rate of 38%. Single mothers living in poverty are disproportionately challenged by a lack of affordable housing and differential rental practices based on familial/parental status.
- ▶ Demographic trends indicate that immigrants and refugees will comprise between 30% and 40% of the total growth in low-income persons in Seattle between now and 2005. School enrollment data indicates that minority and immigrant households in Seattle are more likely to include minor children. Demographic data demonstrate an overlap among immigrants and the protected classes, particularly on the basis of familial status, race and national origin.
- ▶ 52% of Seattle's new households since 1990 have been comprised of single persons. The growth in single person households in Seattle increases competition for affordable housing and may decrease rental choices for families with children.

Impediments to Fair Housing Choice in the City of Seattle

The AI concludes that, although the City of Seattle has surpassed the efforts of many other entitlement region jurisdictions in addressing impediments to fair housing choice, several areas need further focus.

1. Housing discrimination primarily affects persons of color, immigrants, the disabled and families with children.

As indicated by rental housing testing and complaint data, discriminatory practices continue to impede fair housing choice. Families with children continue to encounter restrictive occupancy policies, immigrants are more likely to encounter differential treatment in their housing search and African-Americans continue to encounter differential treatment such as inconsistency among landlords in requesting identification. Though Seattle's Open Housing ordinance protects participants in the Section 8 housing subsidy program from discrimination solely because of their Section 8 status, evidence indicates landlord reluctance to consider Section 8 applicants.

2. Victims of discrimination are hesitant to file complaints and service providers lack knowledge of proper referral sources.

The declining number of fair housing complaint filings results from a number of variables, including a lack of knowledge of fair housing laws and enforcement processes. As reflected by public comments, potential complainants may be reluctant to file fair housing claims because they lack familiarity with, knowledge of, and comfort with enforcement options.

3. Protected classes are impeded by unfair lending practices.

Hispanics and African Americans have the highest rates of denial for conventional, refinance and home improvement loans. Predatory lending continues to disproportionately impact people of color, immigrants, seniors and low- and moderate-income households.

4. Affordable housing greatly impacts the protected classes.

Despite the economic downturn, the supply of affordable housing, especially for purchase, remains inadequate compared to demand. The lack of affordable housing increases the likelihood that lower-income households, especially single parents, seniors, people of color and immigrants, will experience worst case housing needs.

Recommendations for Action

Recommendations for addressing impediments to fair housing include maintaining current fair housing efforts and implementing the following additional fair housing activities:

1. Expand Current Education and Outreach Efforts

To alleviate the decline in enforcement filings, it is recommended that Seattle continue to expand fair housing education and outreach initiatives. Goals include:

- Develop on-going education programs and materials for agencies and staff who serve protected classes, especially immigrants, families and people of color;
- Continue and expand fair housing education for protected classes;
- Focus education and outreach efforts on the downtown of Seattle on apartment complexes in 98101, 98102, 98104, 98106, 98109, 98121, 98122, 98125 and 98133 zip codes;
- Promote visible display of the required fair housing poster plus information on the protections under the Open Housing ordinance;
- Continue and expand fair housing education for housing providers to address specific impediments identified in the course of testing;
- Continue efforts to educate immigrant populations and their service providers about fair housing;
- Improve the visibility and accessibility of Internet fair housing resources currently maintained by the City, newspapers and other housing providers;
- Work with the Seattle Housing Authority to consider opportunities to educate landlords about the Section 8 program and the protections afforded under the Open Housing ordinance;
- Consider surveying a statistically significant sample of stakeholders to better measure and target education efforts; and
- Continue and expand the dissemination of successful enforcement outcomes resulting from cause findings and settlements.

2. Continue On-going Enforcement Initiatives

Testing activities funded by the City demonstrate that protected classes continue to encounter differential treatment when seeking housing. To alleviate such impediments and to measure progress in correcting discrimination, it is recommended that the City:

- Continue to utilize testing and consider testing for other protected classes, especially Section 8 and disabilities;
- Utilize testing results to inform education and outreach efforts;
- Conduct sales or mortgage lending testing for national origin and race based on findings in Home Mortgage Disclosure Act (HMDA) data;
- Enforce fair housing laws through complaints and testing via investigation and publishing of findings.

3. Continue to Facilitate Fair and Affordable Housing Development

The development of affordable housing continues to be a high priority for the City of Seattle and is crucial to the achievement of fair housing. It is recommended that the City:

- Continue to be diligent in balancing affordable housing development, fair housing and neighborhood notification;
- Given the crucial role affordable housing plays in alleviating impediments to fair housing choice, the City should consider the use of testing to ensure that discriminatory practices are not impeding access to affordable tax credit/bond (perhaps in partnership with the Washington State Housing Finance Commission) and housing levy-funded housing opportunities.

4. Continue Fair Lending Initiatives

The lack of affordable housing for purchase should continue to be a focus of the City's fair housing efforts. It is recommended that the City:

- Continue its Predatory Lending Campaign;
- In consultation with its Predatory Lending Campaign partners, consider opportunities for addressing the high mortgage denial rates encountered by people of color via marketing and compilation of data specific to individual first-time homebuyer programs;
- Continue its efforts to increase homeownership opportunities afforded by the 2002 Housing Levy. To measure the success of the levy program in facilitating homeownership, the City should consider tracking participant data on the basis of the City's protected classes.

OH will continue to work with OCR and the FHCSPP to refine its 2004 work program activities in order to implement recommendations identified in the AI report.

Affordability Goals

The Comprehensive Plan set targets for Seattle's growth and development during the 20-year period between 1995 and 2015. It also established affordability targets for Seattle's housing stock.

For additional new units produced:

- ▶ A number of units affordable to households between 0% and 50% of median income at least equal to 20% of expected household growth, or between 10,000 and 12,000 units; and
- ▶ A number of units affordable to households between 50% and 80% of median income at least equal to 17% of expected household growth, or between 8,500 and 10,200 units.

For all units that exist in the City:

- ▶ 25% should be affordable to households earning up to 50% of median income.

Analyzing what has actually happened since the Comprehensive Plan was adopted points to a growing jobs/housing imbalance that places even more importance on the City's housing strategy. Between 1995 and April 2003, 18,525 new housing units were produced, meeting 40% of the City's 20-year goal. However, between 1995 and 2001 (updated job figures are not yet available), 74,400 new jobs were created, which is 51% of the 20-year target.

The chart below shows the number of additional units needed to meet the Comprehensive Plan affordable housing target of 25% of total housing units in 2010 being affordable to households with incomes up to 50% of median (assumes that 25% of housing units were affordable at 50% of MI in 2000):

Table 2.2		
Number of Housing Units Needed to Meet 25% of Total Units Affordability Goal		
	2000	2010
Total housing units	270,524	305,050
Total housing units affordable to households earning up to 50% of median income	67,631	76,263
Total new affordable housing needed in 2000-2010 = 8,632 units		
Annual affordable housing production needed to meet 2010 goal = 863 units		

Comprehensive Plan targets and estimated number of households in Seattle in year 2010 suggest the need for 863 additional housing units per year that are affordable to households earning up to 50% of median income. The following table shows what it is likely to cost to produce these units. The annual funding gap shown below actually underestimates the amount needed for affordable housing development because it assumes that 100% of available funds are used for production of affordable housing units. In reality, a portion of funds are used to provide other vital affordable housing activities including preservation of existing affordable rental housing, assistance to help

low-income families become homeowners, and home repair and weatherization improvements that help prevent displacement of low-income households from their homes. In addition, total development costs continue to increase due to inflation and the fact that more family-size units are being produced and these are significantly more expensive to build.

Table 2.3	
Cost and Estimated Funding Gap to Meet Comprehensive Plan Affordability Goal	
	Year 2004
Annual Number of Affordable Housing Units to Meet Goal	863
Average Total Development Cost Per Unit	\$160,000
Estimated Housing Development Funds Needed Per Year to Meet 2010 Goal	\$138,080,000
Estimated Annual City Housing Funds	\$20,784,360
Estimated Annual Other Housing Funds	\$84,047,000
ESTIMATED ANNUAL FUNDING GAP	\$33,248,640

Clearly, securing additional resources for affordable housing development is critical. OH is continuing to work to increase affordable housing resources through creative public-private partnerships, affordable housing incentives, and other strategies.

Housing Capital Plan

Estimated Housing Capital Funds

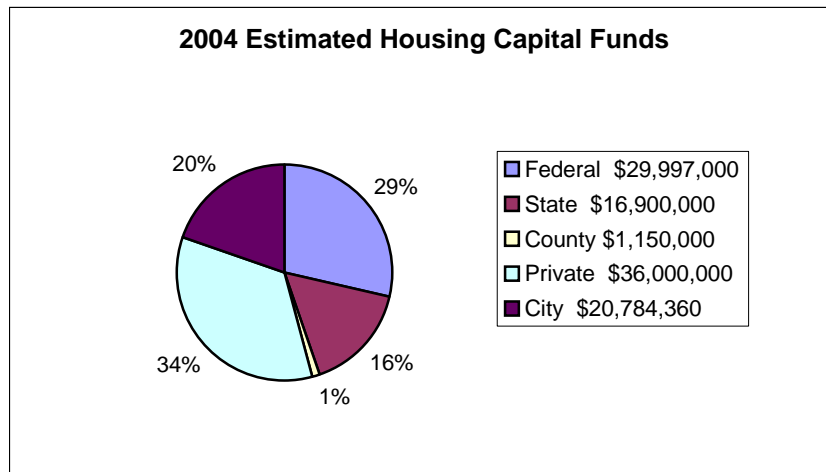
The figures shown below provide an estimate of total capital funding likely to be available for low-income housing from public and private sources for 2004.

Table 2.4 2004 Estimated Housing Capital Funds	
SOURCE	AMOUNT
FEDERAL, STATE, AND PRIVATE CAPITAL FUNDS	
Federal Capital Funds to the City	
McKinney Capital Funds	\$250,000
HOPWA Capital Funds	\$347,000
Subtotal Federal Capital Funds	\$597,000
Federal Capital Funds to Other Entities	
SHA—HOPE VI	\$29,400,000
Subtotal Federal to Other Entities	\$29,400,000
State Capital Investment Funds	
WA State Housing Trust Fund	\$6,500,000
WSHFC Multifamily Bond Program	\$6,000,000
WSHFC Homebuyer Program	\$4,400,000
Subtotal State Capital Funds	\$16,900,000
King County Funds	
Document Recording Fees	\$800,000
Developmentally Disabled	\$350,000
Subtotal King County Funds	\$1,150,000
Private Housing Capital Investment	
Gates Foundation—Sound Families	\$2,000,000
Bank Loans to Owner/Developer	\$15,300,000
Owner Equity	\$3,200,000
Estimated Philanthropic Sources	\$3,500,000
Equity from Tax Credits	\$12,000,000
Subtotal Private Capital Funds	\$36,000,000
TOTAL FEDERAL, STATE, AND PRIVATE FUNDS	\$84,047,000

Table 2.4 (Continued) 2004 Estimated Housing Capital Funds	
SOURCE	AMOUNT
CITY OF SEATTLE CAPITAL FUNDS	
2002 Seattle Housing Levy	
Rental Preservation & Production	\$8,014,286
Neighborhood Housing Opportunity	\$1,028,571
Homebuyer Assistance	\$1,114,286
Subtotal 2002 Housing Levy	\$10,157,143
Community Development Block Grant	
CDBG Funds	\$701,369
CDBG Program Income	\$2,296,219
Subtotal CDBG	\$2,997,588
HOME	
HOME Funds	\$3,923,629
HOME Program Income	\$500,000
Subtotal HOME	\$4,423,629
Other Capital Funds	
TDR Program	\$0
Housing Bonus Program	\$0
Weatherization Grants	\$2,700,000
HomeWise Bond Program Income	\$306,000
1995 Levy Program Income	\$200,000
Subtotal Other Capital Funds	\$3,206,000
TOTAL CITY FUNDS	\$20,784,360
TOTAL ESTIMATED HOUSING CAPITAL FUNDS	\$104,831,360

The chart below illustrates the makeup of total housing capital funds anticipated to be available for use in the City of Seattle in 2004.

Figure 2.1



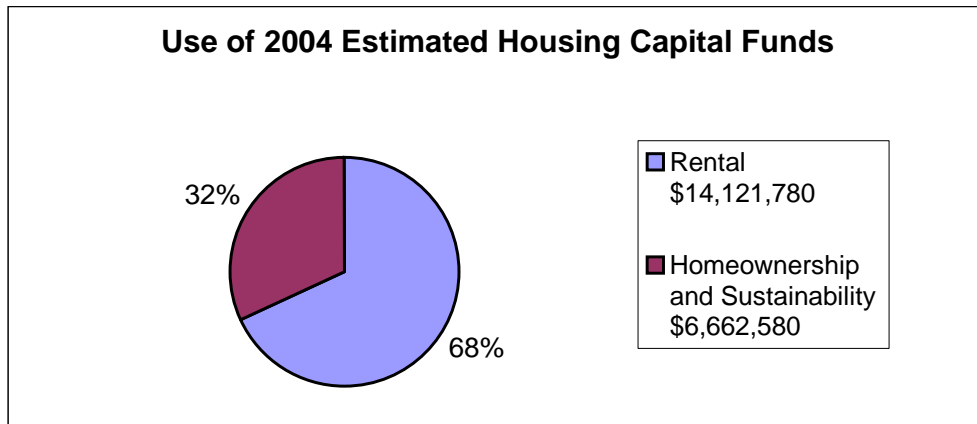
Use of Estimated Housing Capital Funds

The following table shows the distribution of estimated City fund sources for 2004 for multi-family and single-family programs. Note, the table does not reflect funds available for bridge financing.

Table 2.5	
Use of 2004 Estimated Housing Capital Funds	
SOURCE	AMOUNT
RENTAL PROGRAMS	
City and Federal Funds	
2002 Levy Rental Preservation & Production	\$8,014,286
2002 Levy Neighborhood Housing Opportunity	\$1,028,571
CDBG Funds	\$701,369
HOME Funds	\$2,997,554
Program Income	
CDBG Program Income	\$880,000
HOME Program Income	\$500,000
TOTAL RENTAL PROGRAM FUNDS	\$14,121,780
HOMEOWNERSHIP AND SUSTAINABILITY PROGRAMS	
City and Federal Funds	
2002 Levy Funds	\$1,114,286
HOME Funds	\$926,075
Weatherization Grants	\$2,700,000
Program Income	
CDBG Program Income	\$1,416,219
HomeWise Bond Program Income	\$306,000
1995 Levy Program Income	\$200,000
TOTAL HOMEOWNERSHIP & SUSTAINABILITY PROGRAM FUNDS	\$6,662,580
TOTAL CITY CAPITAL INVESTMENT FUNDS	\$20,784,360

The chart below shows the makeup of City of Seattle funds estimated to be available in 2004.

Figure 2.2



Use of Federal HOME Funds

The HOME funding allocation to the City of Seattle is estimated to be \$4,748,477 in 2004. The following table summarizes use of 2004 estimated HOME allocation funds.

Table 2.6			
2004 Estimated HOME Program Allocation			
Program	Population Served	2004 Funding	User of Funds
RENTAL PROGRAMS			
Rental production & preservation	Low-income families and individuals	\$2,997,554	Affordable housing developers
Rental assistance	Low-income families and individuals	\$350,000	Non-profit service providers
Rental Total		\$3,347,554	
HOMEOWNERSHIP PROGRAMS			
Homebuyer assistance	Low-income homebuyers	\$926,075	Homebuyers with incomes less than 80% of median
Homeownership Total		\$926,075	
ADMINISTRATION		\$474,848	City of Seattle (HUD allows 10% of funds to be used for admin.)
TOTAL		\$4,748,477	

Anticipated HOME dollars may be reserved for future project funding, consistent with program rules. Policies on tenant-based rental assistance, recapture and resale provisions, and affirmative marketing/minority outreach, as required by HUD for recipients of HOME funding, are included in the Housing Policies chapter of the City's Consolidated Plan.